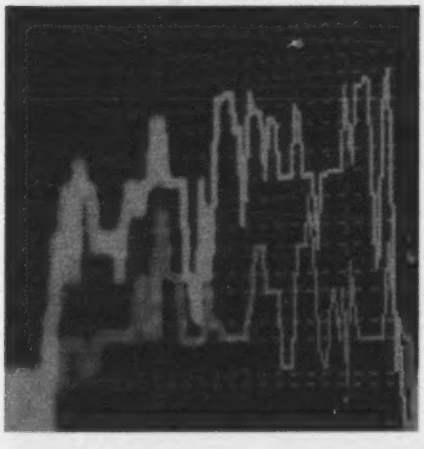
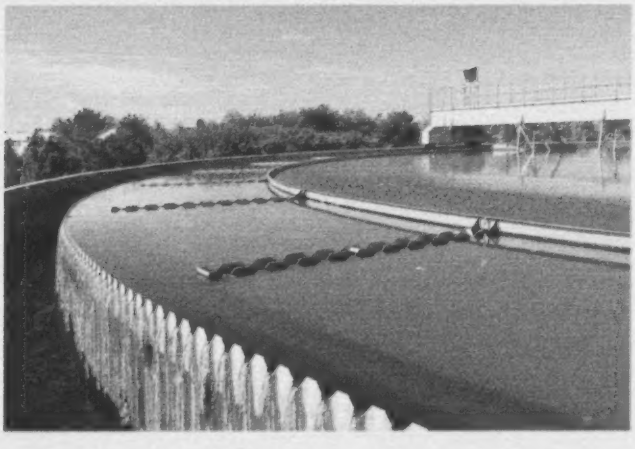
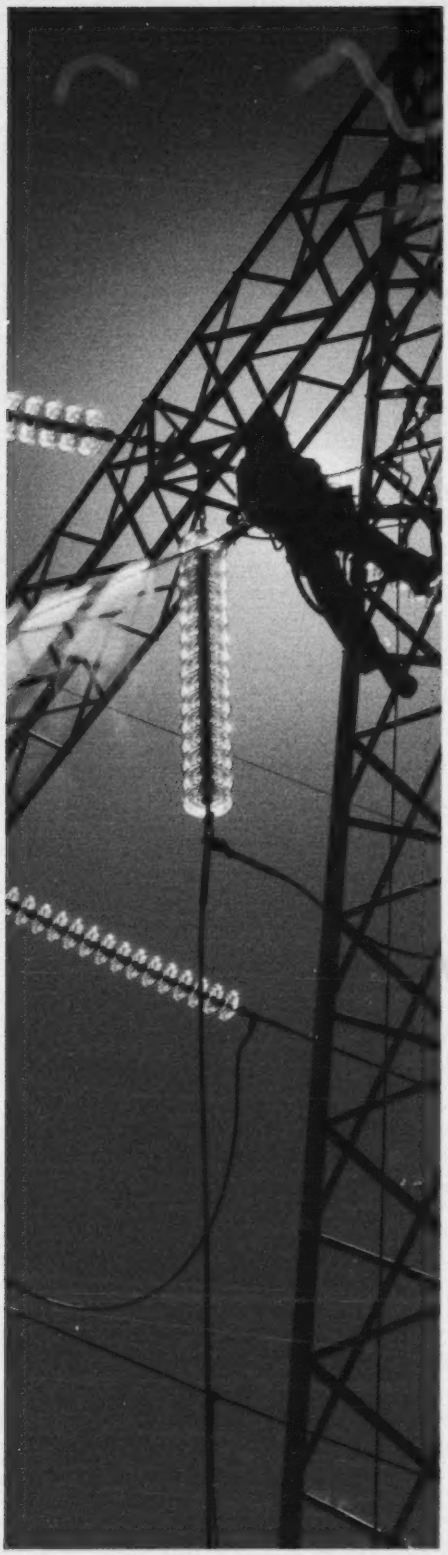
2014 Responsible Investing Annual Report

INVESTING RESPONSIBLY FOR RESULTS





bc imc



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About bcIMC

bcIMC provides investment management services to British Columbia's public sector. Our role is to generate investment returns that will help our institutional clients build a financially secure future. With our global outlook, we seek investment opportunities that will meet our clients' risk and return requirements over time. This compels us to integrate long-term environmental, social and governance (ESG) matters into our investment decisions and activities. We offer investment options across a range of asset classes: fixed income; mortgages; public and private equity; real estate; infrastructure; renewable resources; long-term strategic themes.

bcIMC & Responsible Investing

Responsible investing is an integral part of the investment beliefs shared by bcIMC, the pension funds and many of the other clients for which we invest.

We believe that companies that do a good job of managing environmental, social and governance matters have less risk and perform better financially over the longer term.

Our primary mandate is to create long-term client wealth and protect the value of our clients' funds. The majority of the funds we manage belong to pension plans. As these plans have long-term obligations and seek a specified rate of return, bcIMC is required to invest our clients' funds to generate the expected returns. We adhere to the requirements of the *Pension Benefits Standards Act*, as well as the legal contracts established by our clients.

Assessing and managing investment risk is an integral part of how we meet our responsibility. As part of the prudent investment management of our clients' funds, we aim to actively manage the long-term risks and opportunities that ESG matters present, both now and into the future.

This begins with the integration of ESG factors into our investment analysis, decisions and processes. As an owner, we monitor ESG factors and are committed to engaging as a way of raising awareness.

Long-term returns depend on well-governed companies—we use our influence as a shareholder to encourage companies to manage and report on their ESG risks.

Highlights OF THE YEAR

DIRECTLY ENGAGED WITH 169 COMPANIES
spanning energy, health care, telecommunication, financial, and consumer sectors

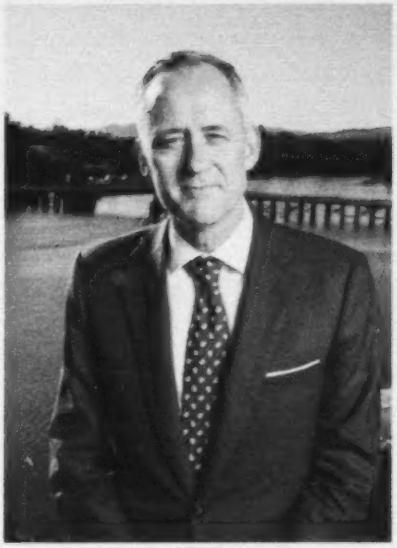
COLLABORATIVELY ENGAGED WITH 194 COMPANIES
on matters ranging from labour standards in agricultural sector, hydraulic fracturing, board independence and other governance topics

Invested in the
FIRST GREEN BOND
issued by a Canadian bank

Participated in
7 STEERING COMMITTEES & WORKING GROUPS
of the United Nations Principles of Responsible Investment

Voiced our opinion with regulators on
14 PUBLIC POLICY TOPICS
in Canada and Asia

To Our Clients:



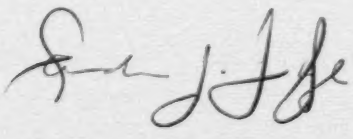
I am pleased to introduce bcIMC's first annual report outlining our responsible investing activities. Like you, we believe strong corporate governance and responsible corporate behaviour with respect to environmental, social, and governance (ESG) factors will generally contribute to better financial performance over the long run. The purpose of this report is to look back over the year and highlight our responsible investing activities across asset classes.

The majority of the funds we manage belong to pension plans. We know our pension plan clients expect us to generate the returns their members need to build a financially secure future. When we make investment decisions, we recognize that financial and non-financial considerations are relevant. bcIMC believes companies that do a good job of managing ESG factors are exposed to less risk. Responsible investing is a means of due diligence and managing investment risk. As a founding signatory of the Principles for Responsible Investment, a United Nations-supported initiative, we have pragmatically incorporated ESG matters into our processes. This is an important part of acting in your best financial interest.

This report is another way for us to highlight our commitment to PRI's principles—specifically, principle six, which focuses on transparency or reporting on our ESG-related activities and progress. We began publishing our responsible investing newsletters in 2014. These materials focus on specific topics that bcIMC views as long-term investment risks. By contrast, this annual report offers a broader look at our responsible investing initiatives.

bcIMC will continue to identify, monitor and mitigate ESG matters that may become material to long-term financial performance of our companies. It is a part of our investment process and will remain central to our mandate.

Gordon J. Fyfe



Chief Executive Officer / Chief Investment Officer

Principles For Responsible Investment

bcIMC became a founding signatory to the Principles for Responsible Investment (PRI) in 2006. We view the principles as a binding framework and through our endorsement, bcIMC is committed to:

1. **INTEGRATING RESPONSIBLE INVESTMENT** into investment analysis and decision-making processes
2. **BEING AN ACTIVE OWNER** and incorporating ESG issues into our ownership policies and practices
3. **SEEKING APPROPRIATE DISCLOSURE** on ESG issues by the entities in which we invest
4. **PROMOTING ACCEPTANCE AND IMPLEMENTATION** of the principles within the investment industry
5. **COLLABORATING WITH LIKE-MINDED INVESTORS AND ORGANIZATIONS** to enhance effectiveness in implementing the principles
6. **REPORTING** on our responsible investing activities

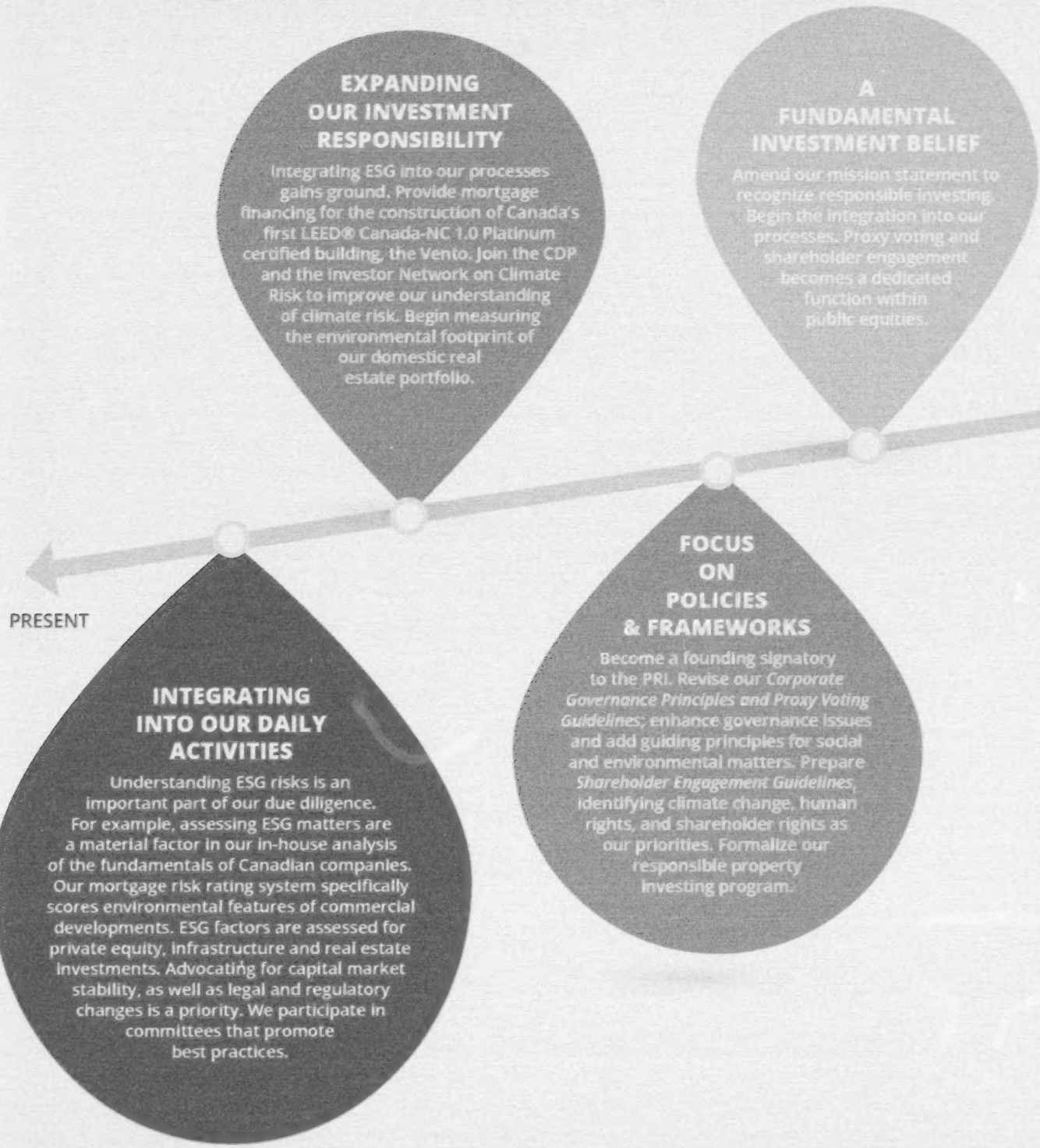
Signatory of:

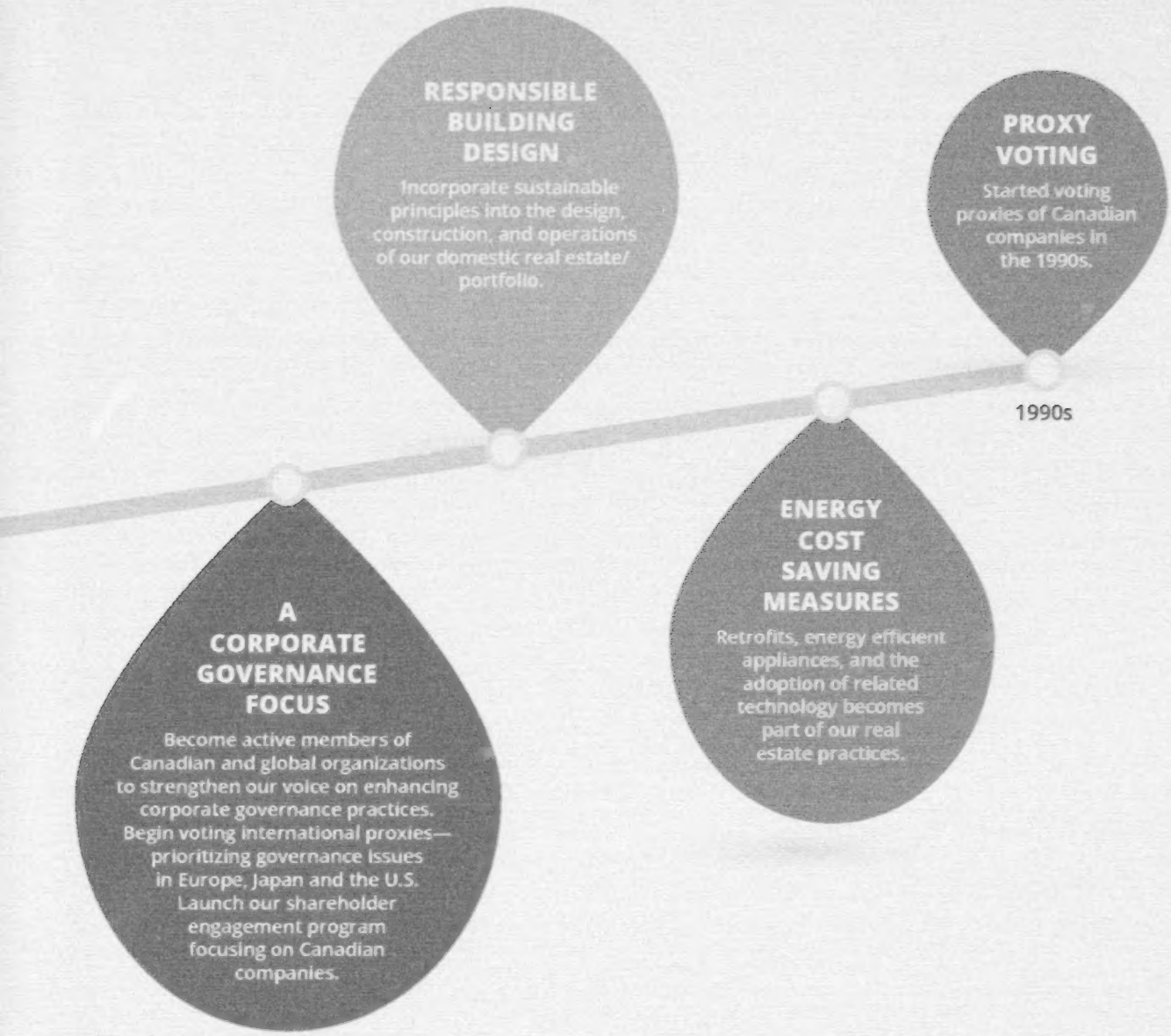
PRI Principles for Responsible Investment

PRI Survey

As a signatory, bcIMC participates in the PRI survey that assesses our responsible investing practices across our asset classes in line with the six principles. bcIMC's PRI Transparency Report for 2013 is available on our website.

Responsible Investing— An Ongoing Priority


EXPANDING OUR INVESTMENT RESPONSIBILITY
Integrating ESG into our processes gains ground. Provide mortgage financing for the construction of Canada's first LEED® Canada-NC 1.0 Platinum certified building, the Vento. Join the CDP and the Investor Network on Climate Risk to improve our understanding of climate risk. Begin measuring the environmental footprint of our domestic real estate portfolio.
A FUNDAMENTAL INVESTMENT BELIEF
Amend our mission statement to recognize responsible investing. Begin the integration into our processes. Proxy voting and shareholder engagement becomes a dedicated function within public equities.
FOCUS ON POLICIES & FRAMEWORKS
Become a founding signatory to the PRI. Revise our *Corporate Governance Principles and Proxy Voting Guidelines*; enhance governance issues and add guiding principles for social and environmental matters. Prepare *Shareholder Engagement Guidelines*, identifying climate change, human rights, and shareholder rights as our priorities. Formalize our responsible property investing program.
PRESENT
INTEGRATING INTO OUR DAILY ACTIVITIES
Understanding ESG risks is an important part of our due diligence. For example, assessing ESG matters are a material factor in our in-house analysis of the fundamentals of Canadian companies. Our mortgage risk rating system specifically scores environmental features of commercial developments. ESG factors are assessed for private equity, infrastructure and real estate investments. Advocating for capital market stability, as well as legal and regulatory changes is a priority. We participate in committees that promote best practices.

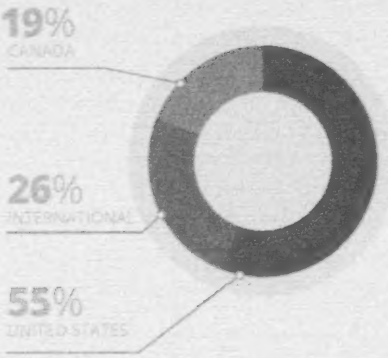

RESPONSIBLE BUILDING DESIGN
Incorporate sustainable principles into the design, construction, and operations of our domestic real estate/ portfolio.
PROXY VOTING
Started voting proxies of Canadian companies in the 1990s.
1990s
ENERGY COST SAVING MEASURES
Retrofits, energy efficient appliances, and the adoption of related technology becomes part of our real estate practices.
A CORPORATE GOVERNANCE FOCUS
Become active members of Canadian and global organizations to strengthen our voice on enhancing corporate governance practices. Begin voting international proxies—prioritizing governance issues in Europe, Japan and the U.S. Launch our shareholder engagement program focusing on Canadian companies.

Although our steps since the late 1990s are noteworthy, the evolution of ESG within our investment process is ongoing. Each asset class acts as a knowledge centre and monitors advancements in responsible investing.

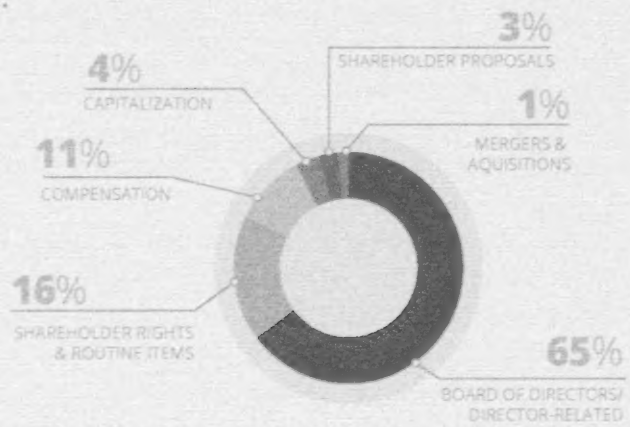
Public Equities

PROXY VOTING

Voting is one of the most important shareholder rights. We consider active and informed voting an essential component of our responsible investing commitment. It helps foster good corporate governance and accountability.



PROPOSALS VOTED BY CATEGORY:



HAVING A CLOSER LOOK ON HOW WE VOTED ON COMPENSATION:

PROPOSALS	NUMBER	% AGAINST MANAGEMENT
Proposals on Executive Compensation*	2,251	53%
Say on Pay / Remuneration Report Proposals	1,251	41%
Say-on-Pay Proposals – U.S.	921	43%
Say-on-Pay Proposals – Canada	120	32%

** Includes both executive compensation-related proposals (management and shareholder proposals)*

TOTAL NUMBER OF MEETINGS VOTED:
1,873

TOTAL NUMBER OF PROPOSALS & AGENDA ITEMS ASSESSED:
20,515

TOTAL NUMBER OF COUNTRIES VOTED IN:
41

HOW DID WE VOTE THIS YEAR?

WE SUPPORTED
67%
OF SHAREHOLDER PROPOSALS
(Total proposals 667)

WE VOTED AGAINST
25%
OF MANAGEMENT PROPOSALS

SHAREHOLDER ENGAGEMENT

We see it as our responsibility to talk to, and where appropriate, challenge companies about their policies and activities. It is through constructive dialogue that bcIMC raises awareness of ESG factors that may emerge over time.

WE ENGAGED WITH 169 COMPANIES*

WITH OUR PEERS AND LIKE-MINDED ORGANIZATIONS,
WE ENGAGED WITH 194 OTHER COMPANIES

COLLABORATION WITH:	NUMBER OF COMPANIES ENGAGED**	ENVIRONMENTAL	SOCIAL	GOVERNANCE
PRI				
Hydraulic Fracturing	32	•	•	
Labour Standards in Agricultural Supply Chain	31		•	
Sustainable Stock Exchanges	19	•	•	•
Sustainable Palm Oil Targeting Growers	12	•	•	
SUBTOTAL	**94**			
ASIA CORPORATE GOVERNANCE ASSOCIATION (ACGA) MEMBERS				
Board Independence (Japan)	33			•
Unaudited Financial Statements (South Korea)	23			•
Other	1			•
SUBTOTAL	**57**			
Canadian Coalition for Good Governance (CCGG)	43			•
SUBTOTAL	**43**			
TOTAL	**194**	**63**	**94**	**119**

** For a breakdown of bcIMC's direct engagement see appendix | ** By the group (values are not included in bcIMC's direct engagement)*

CASE STUDY 1 | Revenue Transparency & Anti-Corruption

Good governance and sustainable development in resource-rich countries is enhanced when extractive companies are transparent about payments made to host governments. Companies and their investors benefit from the political and economic stability this action brings.

We believe voluntary disclosure is not sufficient. Since 2013, we have called on the Canadian federal government to draft legislation governing this matter. The *Extractive Transparency Measures Act* is currently before Parliament. Given Canada's exposure to the resource sector, this is a priority for bcIMC. The proposed act would align Canada with the European Union's *Transparency Directive* and the U.S. *Dodd-Frank Wall Street Reform and Consumer Protection Act*.

We have also sought to enhance revenue transparency through the Extractives Industries Transparency Initiative, a global coalition of governments, companies and civil society that aims to curb bribery and corruption. As an investor signatory, we support revenue transparency at a global level.

CASE STUDY 2 | Sustainable Stock Exchanges

Standardized data and reporting by companies improves investor access to information. Investment risk management depends on consistent data. Investors require this information to factor ESG matters into their analysis and decision making.

The Sustainable Stock Exchanges collaboration is an initiative spearheaded in 2009 by several United Nations bodies including the PRI. It explores how exchanges, investors, regulators and companies can work together to enhance corporate transparency and ESG performance. It also encourages a long-term, responsible approach to investment.

As a Canadian co-lead investor, we focus on our home market and support global engagements. We have approached the International Organization of Securities Commissions (IOSCO) to discuss their role in ESG disclosure. As well, through PRI, we support the work of the World Federation of Exchanges through its sustainability working group. Since 2011, we have urged stock exchanges to provide clear guidelines for listed companies on ESG disclosure.

CASE STUDY 3 | Gender Diversity

Numerous studies show gender diversity has a positive effect on a company's long-term performance. In 2014, we encouraged the Ontario Securities Commission (OSC) to require companies to establish, at a minimum, a standard of disclosure to improve the proportion of women on boards and in senior management.

Of our many recommendations, we suggested the OSC mandate a 30 percent target of female representation of women on boards and in executive positions in three years. We also recommended the establishment of term limits to encourage board refreshment. Subsequently, the Canadian Securities Administrators (CSA), the umbrella organization representing regional securities regulators, announced several participating jurisdictions will implement rule changes related to governance practices and disclosure of the representation of women on boards.

The disclosure rules, which took effect at the end of 2014, will cover all companies listed on the Toronto Stock Exchange. bcIMC views this development as a significant move in the right direction. Since 2011, we have advocated for companies to enhance gender diversity and we are proud that we helped to keep this important business case on the regulatory policy agenda. Going forward, this disclosure will serve as a measure for proxy voting and, where appropriate, company engagements.

Fixed Income

We recognize fixed income funds can be exposed to ESG risks. To ensure we are investing responsibly, we focus on strongly-rated credit and only invest in bonds that meet our clients' risk-return requirements. bcIMC believes weak governance and broader environmental and social factors can play a role in credit ratings and practices that may affect bondholders.

Our specific investment activities for 2014 included:

- Investing in Canada's First Nations Finance Authority's (FNFA) inaugural $90-million bond issue. The bond aims to help communities build and improve infrastructure. The FNFA is a non-profit organization established to assist First Nations governments in accessing low-rate loans, investment options and capital planning advice for the social benefit of community members.

- Investing in the first green bond in Canadian dollars launched by The Toronto-Dominion Bank. In 2013, we were among the first global investors to invest in a green bond issued by the International Finance Corporation, the private sector lending arm of the World Bank. bcIMC strives to adhere to industry-recognized Green Bond Principles. This is a voluntary process developed in early 2014 by a group of global financial institutions that recommends transparency and disclosure. It also promotes integrity in the development of the green bond market.

bcIMC will continue to invest in green bonds and debt issued by the FNFA, provided these investments have the potential to deliver the returns our clients expect at an acceptable level of risk.

WHAT ARE GREEN BONDS?

Green bonds enable capital-raising and investment for new and existing projects with environmental benefits.

Proceeds of these bonds are used to support the green economy in areas such as low carbon energy, green infrastructure and sustainable land use.

Mortgages

bcIMC is a major lender to Canada's commercial real estate industry. At the end of 2014, we had more than $750 million in mortgages that exhibit significant "green" features, representing nearly 20 per cent of bcIMC's committed mortgages.

When assessing applications for commercial mortgages, we favour projects and developments with environmental principles that match our clients' risk and return parameters. In assessing mortgages, we use our credit risk system, which assesses variables such as the quality of green building features, the building's structure, mix of tenants and other financial metrics.

We are currently redefining our credit risk scorecard to identify and incorporate more robust environmental features in mortgaged properties.

OUR CREDIT RISK SYSTEM INCLUDES THE ASSESSMENT OF:

ENVIRONMENTAL FEATURES SUCH AS THE NATURE OF BUILDING INSULATION

GREEN INITIATIVES INCLUDING DOUBLE-GLAZED WINDOWS

CERTIFICATIONS/ DESIGNATIONS

- LEADERSHIP IN ENERGY & ENVIRONMENTAL DESIGN DESIGNATION (LEED CERTIFIED, SILVER, GOLD OR PLATINUM)
- BUILDING OWNERS AND MANAGERS ASSOCIATION BUILDING ENVIRONMENTAL STANDARDS (BOMA BESt) DESIGNATION

GEOTHERMAL HEATING

PROXIMITY TO **PUBLIC TRANSPORTATION & AMENITIES**

Private Equity & Infrastructure Investments

bcIMC holds investments in private equity funds, private companies and infrastructure. As ESG issues can develop over time and affect companies, sectors and regions, we assess these factors in our pre- and post-investment process.

WORKING WITH PRIVATE EQUITY FUNDS

Our approach is guided by the *Principles for Responsible Investment in Private Equity: A Guide for Limited Partners*. We also endorse the private equity principles developed by the Institutional Limited Partners Association (ILPA).

In a number of our fund investments, we have the opportunity to serve on limited partner advisory committees. These ensure proper governance of the fund, alignment of interests between limited partners and fund manager and confirm appropriate handling of any potential conflicts of interests.

In addition to encouraging fund managers to integrate ESG activities, we:

- Promote our responsible investment principles and expect acknowledgement from fund managers
- Review how managers take ESG issues into account when conducting due diligence on potential investments; this includes understanding their internal policies and steps taken to mitigate ESG risk
- Assess how fund managers monitor compliance of the activities of the portfolio companies with laws and regulations
- Monitor the standards and principles fund managers endorse, such as PRI, ILPA, etc.

ilpa
INSTITUTIONAL LIMITED PARTNERS ASSOCIATION

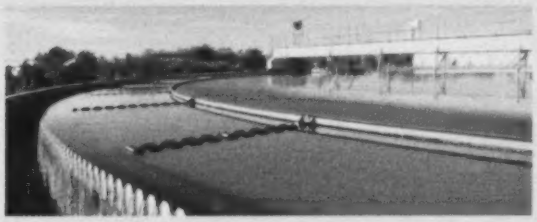
Dedicated to advancing the interests of private equity limited partners through industry-leading education programs, independent research, best practices, networking opportunities and global collaborations.

bcIMC has been a member since 2002.

WORKING WITH PRIVATELY-HELD COMPANIES

Our direct investments are made with a long-term outlook. Beyond financial performance, our pre-investment analysis includes a detailed review of commissioned reports on legal, environmental, regulatory and occupational health & safety matters. We also review governance models of each acquisition and propose changes. Our post-investment management includes monitoring the company's financial and operational performance.

CASE STUDY 1
Thames Water Utilities Ltd.



In 2014, Ofwat, the economic regulator of the water and sewerage sectors in England and Wales, reviewed board leadership, transparency and governance in this sector. It produced a set of governance principles on disclosure and transparency rules, board composition and committees.

As an active owner, bcIMC stated our position on Ofwat's principles regarding company and investor representation on the board. Our stance protected our level of representation from being drastically reduced.

Board representation gives us a voice and allows bcIMC to guide the company's management as it assesses and manages environmental, social and governance matters.

CASE STUDY 2
TimberWest Forest Corp.

bcIMC recognizes that sectors such as forestry have greater occupational health & safety risk than others. In managing the investment risk, we use our influence as an owner to ensure that companies adhere to best practices.

As a significant owner of TimberWest, we appoint two nominees of the seven-member board. We are also represented on board committees, giving us the opportunity to contribute to the company's strategic direction. bcIMC focuses on encouraging TimberWest to enhance safety performance and the monitoring and tracking of various safety metrics.

Overall, we expect the company to take a leadership role in industry safety initiatives. TimberWest's activities include: facilitating safety training within the contractor community; introducing policies and practices to meet safety certification and other benchmarks.

Real Estate

As property investments involve longer time horizons than other asset classes, real estate investment strategies consider long-term issues and the impact these may have on fund and asset performance.

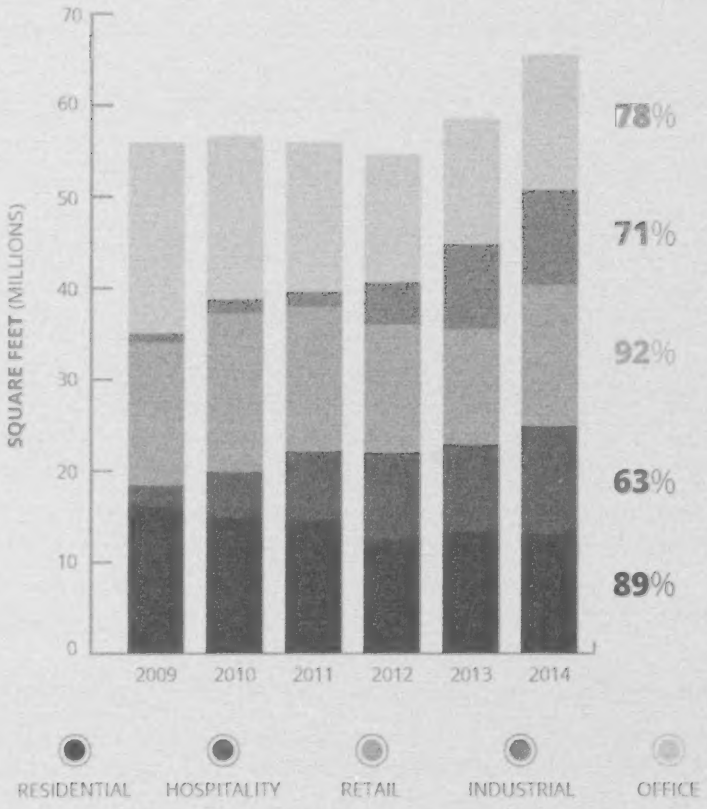
Responsible property investing allows us to integrate environmental, social and governance issues into our strategy. In so doing, we can build a resilient real estate program that maximizes the value of our holdings without undue risk of loss while also preparing the portfolio for future opportunities.

CERTIFICATION

Certification programs such as LEED and BOMA BESt encourage sustainable building and development practices through standards and performance criteria.

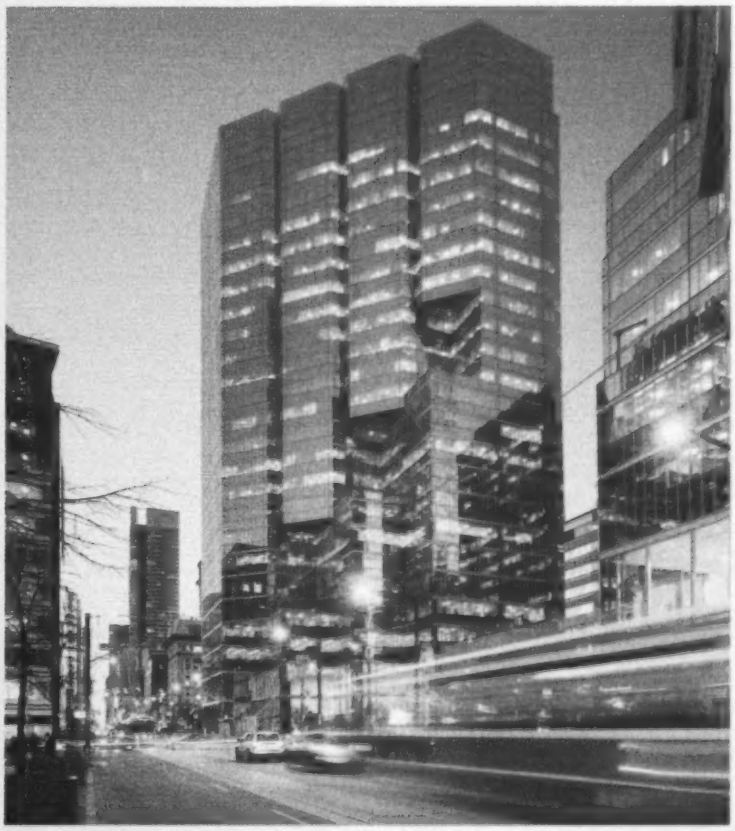
Together with our property managers, we carefully consider these environmental certification requirements when designing, building and operating our properties. All decisions are based on an assessment of the expected return on investment.

CERTIFICATION OF bcIMC'S CANADIAN PORTFOLIO



CASE STUDY 1 | 200 King

TORONTO, ONTARIO



In 2010, Bentall Kennedy, our property manager, implemented a new water treatment program that allowed for enhanced chemical feed management coupled with significant water savings.

bcIMC acquired this property in February 2000.

NEW WATER TREATMENT PROGRAM

ANNUAL SAVINGS

Nearly enough water to fill
TWO OLYMPIC-SIZED SWIMMING POOLS

x2

WATER CONSUMPTION

↓ 7%
DECREASE
year-over-year

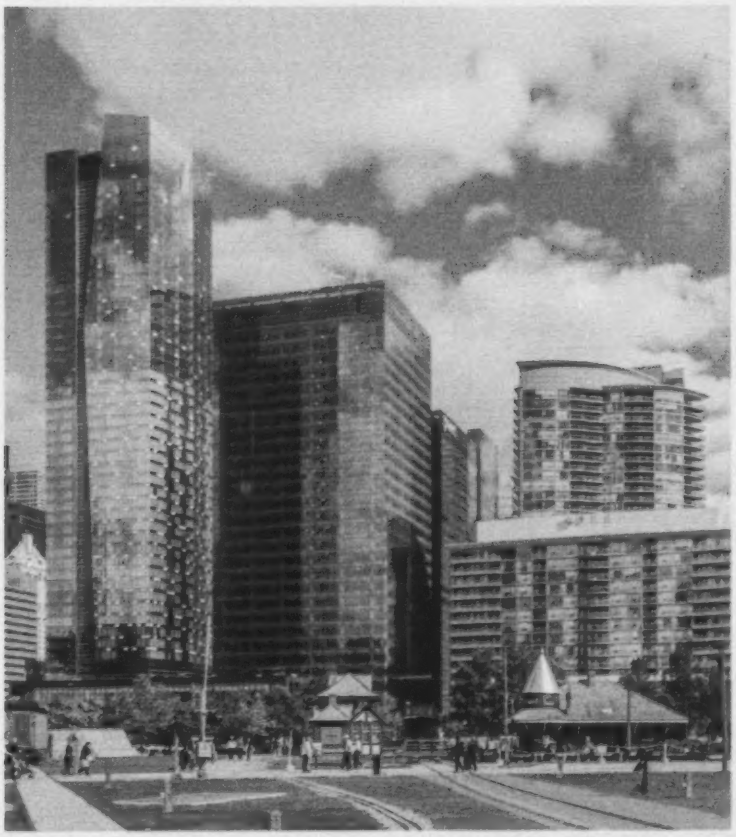
ANNUAL OPERATING COSTS

REDUCED BY MORE THAN

↓ $125K

CASE STUDY 2 | 18 York Southcore Financial Centre

TORONTO, ONTARIO



GWL Realty Advisors work on our behalf with tenants to maximize occupant comfort, productivity and satisfaction. In doing so, they are also optimizing energy performance, minimizing operating expenses and reducing environmental impact.

bcIMC acquired this property in 2006. Development of 18 York started in 2011 and was completed in 2012.

WASTE DIVERSION RATE

Recycling efforts are paying off as the waste diversion rate increased by 5%

WATER CONSUMPTION

99th PERCENTILE of Canadian office buildings for water use intensity *(Based on a 2012 REALpac survey)*

GREENHOUSE GAS (GHG) EMISSIONS

↓5% **Reduced GHG emissions** by energy improvements

ENERGY CONSUMPTION

Reduced energy use intensity by >1/2 published national average

CASE STUDY 3 | Park Place & Commerce Place

VANCOUVER, BRITISH COLUMBIA

PARK PLACE

COMMERCE PLACE

SINCE 2007, BOTH PROPERTIES HAVE DECREASED:

- WATER CONSUMPTION BY **74%**
- GHG EMISSIONS BY **36%**
- WASTE SENT TO LANDFILLS BY **31%**
- ENERGY CONSUMPTION BY **25%**

Despite increases in annual utility and water rates, the operating budgets for utilities have remained fairly stable due to these significant reductions in energy and water consumption.

Since 2007, Park Place and Commerce Place have significantly reduced GHG emissions, energy and water use. GWL Realty Advisors, our property manager, has implemented corporate and stakeholder focused initiatives, helping bcIMC achieve positive results.

NEW AIR CONDITIONING SYSTEMS AT PARK PLACE HAVE **DECREASED WATER CONSUMPTION BY 47%,** THE EQUIVALENT OF **RUNNING TAP WATER 24 HOURS A DAY, SEVEN DAYS A WEEK.**

bcIMC's Policy Submissions

JANUARY 2014

- Corporate Social Responsibility (CSR) strategy review: *Building the Canadian Advantage: A Corporate Social Responsibility Strategy for the Canadian Extractive Sector Abroad*

APRIL 2014

- Disclosure of corporate governance practices regarding women on boards and in senior management proposed amendments on National Instrument 58-101, Ontario Securities Commission, Canada

JULY 2014

- ACGA investor survey on proxy voting in Asia
- Guidance for proxy advisory firms, Proposed National Policy 25-201: Canadian Securities Administrators (CSA), Canada

OCTOBER 2014

- ISS 2015 Benchmark Policy Consultation
- PRI Assessment Consultation
- Letter on ESG disclosure & stock exchanges, International Organization of Securities Commissions (IOSCO)

MARCH 2014

- Industry consultation session on mandatory reporting standards in the extractive sector related to revenue payment transparency, Natural Resources Canada
- Proxy voting roundtable consultation British Columbia Securities Commission, Canada

MAY 2014

- Consultation on the *Canada Business Corporations Act*, Industry Canada

SEPTEMBER 2014

- ISS 2014–2015 Benchmark Policy Survey
- PRI governance review

NOVEMBER 2014

- Concept Paper-weighted voting rights, Hong Kong Exchanges and Clearing Ltd, Hong Kong
- 2014 Global Investor Statement on Climate Change

Collaboration

Working with like-minded investors and organizations helps bcIMC more effectively deploy our resources and strengthen our voice. We have long-standing relationships with:

- Founding Signatory since 2006
- Active member of steering committees and working groups

Signatory of:

PRI Principles for Responsible Investment

- Member since 2005
- Contribute and support to regulatory efforts

ACGA Asian Corporate Governance Association

- bcIMC serves as member of National Advisory Council

BOMA Canada

- Founding member since 2011
- Serve on board of directors; member of Advocacy Committee

Canadian Bond Investors Association / Association canadienne des investisseurs obligataires

- Founding member since 2003
- Serve on board of directors; Public policy committee
- Served as chair (2006–2009)

Canadian Coalition for GOOD GOVERNANCE
THE VOICE OF THE SHAREHOLDER

- Member since 2006
- Serve on CDP Canada Advisory Council

CDP
DRIVING SUSTAINABLE ECONOMIES

- Investor signatory since 2011

EITI Extractive Industries Transparency Initiative

- Member since 2005

ICGN International Corporate Governance Network

- Member since 2002

ilpa
INSTITUTIONAL LIMITED PARTNERS ASSOCIATION

- Member since 2008
- Member of Sustainable Stock Exchanges integrated reporting working group

Investor Network on CLIMATE RISK
a project of Ceres

- Chair of corporate governance committee

PIAC Pension Investment Association of Canada
Association canadienne des gestionnaires de caisses de retraite

- Member since 2013
- Serve on research advisory, and corporate responsibility and sustainability committees

REALpac
Real Property Association of Canada / Association des biens immobiliers du Canada

- Member since 2007

RIA
Responsible Investment Association

bcIMC's Involvement with PRI

Human Rights in Extractive Sector

As a steering committee member, bcIMC assists with laying the groundwork for the collaborative engagement, which is set to start in 2015. The aim is to enhance disclosure of human rights policies and practices. We will seek to improve the implementation of the UN Guiding Principles on Business and Human Rights by oil & gas and mining companies, and relevant joint venture partners.

Hydraulic Fracturing

Recent focus on hydraulic fracturing highlights the effect on water resources, greenhouse gas emissions, and local communities. Companies risk their social license to operate if they do not identify, manage and reduce fracking-related risks. bcIMC served as a steering committee member and is a lead investor responsible for engaging four Canadian companies. We are encouraging them to implement best practices such as enhanced disclosure of policies, limit the use of fresh water, and invest in energy-efficient technologies.

Labour Standards in the Agricultural Supply Chain

bcIMC serves as a steering committee member and engages companies to identify and assess risks relating to working conditions. The objective is to assess corporate practices, encourage enhanced communication and reporting, and support improvement of a target company's performance. The issues include child labour, health & safety, debt bondage and trafficking, wages, working conditions, and freedom of association.

Policy and Research Steering Committee

bcIMC chairs this committee with a mandate to mitigate barriers to a sustainable financial system within the capital markets. The group, which provides guidance to the PRI Secretariat, is overseeing two projects focusing on long-term investing:

- Identifying and addressing barriers to long-term mandates
- Providing guidance to investors about engaging with policymakers

Private Equity Steering Committee

bcIMC helped develop PRI's *Integrating ESG in private equity—a guide for general partners*. The document provides general partners strategies and tools for integrating ESG factors into investment processes. We also advise the Secretariat on the strategy and implementation of related ESG projects. The committee brings together limited partners, general partners and advisors to raise awareness and support the practice of PRI's six principles.

Sustainable Stock Exchanges

As a member of this PRI working group, we encourage stock exchanges around the world to enhance listing rules and advance regulatory initiatives. The aim is to require companies to disclose their sustainability strategies. This will allow investors to access standardized data they require to integrate ESG factors into their investment analysis and decision making.

Sustainable Palm Oil Targeting Growers

The palm oil industry has been linked to environmental and social impacts including increased greenhouse gas emissions, damage to ecosystem services and social conflicts. bcIMC, along with our peers, aims to enhance companies' disclosure and certification of Roundtable on Sustainable Palm Oil (RSPO). We believe this will improve best practices across the value chain and support the development of a more sustainable industry.

Signatory of:

PRI Principles for Responsible Investment

Events

We further industry awareness by speaking and moderating at conferences; our activities included:

1

CDP WORKSHOP
(FEBRUARY 2014)

Topic: bcIMC's support of the CDP and how investors use the data

2

KINGSDALE SHAREHOLDER SERVICES CONFERENCE
(FEBRUARY 2014)

Topic: Investors' expectations of issuers regarding ESG standards

3

BC PENSION FORUM CONFERENCE
(MARCH 2014)

Topic: Integration of ESG considerations into investment processes

4

CANADIAN INVESTOR RELATIONS INSTITUTE
(MARCH 2014)

Topic: Investors' expectations of shareholder-director engagement

5

INTERNATIONAL CORPORATE GOVERNANCE NETWORK ESG TRAINING PROGRAMME
(SEPTEMBER 2014)

Topic: Managing ESG Responsibilities: Theory and Practice

6

PRI IN PERSON
(SEPTEMBER 2014)

- Topic: The Case for Investor Engagement in Public Policy
- Topic: Active Ownership Session: Can Fracking Be Sustainable?

Appendix: Direct Company Engagements

JANUARY 1 TO DECEMBER 31, 2014

COMPANY	COUNTRY HQ	REGION	GICS SECTOR	MULTIPLE ENGAGEMENTS	ENVIRONMENTAL	SOCIAL	GOVERNANCE
3M Co.	U.S.	North America	Industrials				●
Advantage Oil & Gas Ltd.	Canada	North America	Energy				●
Agnico-Eagle Mines Ltd.	Canada	North America	Materials				●
Agrium, Inc.	Canada	North America	Materials				●
Aimia, Inc.	Canada	North America	Consumer Discretionary	●		●	
Air Canada	Canada	North America	Consumer Discretionary	●	●	●	●
Alimentation Couche Tard, Inc.	Canada	North America	Consumer Staples	●		●	●
Altria Group, Inc.	U.S.	North America	Consumer Staples				●
Amgen, Inc.	U.S.	North America	Health Care				●
Anadarko Petroleum Corp.	U.S.	North America	Energy		●		
Apple, Inc.	U.S.	North America	Information Technology				●
ARC Resources Ltd.	Canada	North America	Energy	●	●		
Argonaut Gold, Inc.	Canada	North America	Materials				●
Asahi Group Holdings	Japan	Asia	Consumer Staples				●
AT&T, Inc.	U.S.	North America	Telecommunication Services				●
ATCO Ltd.	Canada	North America	Utilities		●		
Athabasca Oil Corp.	Canada	North America	Energy			●	
ATS Automation Tooling Systems Inc.	Canada	North America	Industrials				●
AutoCanada Inc.	Canada	North America	Industrials				●
Avigilon Corporation	Canada	North America	Information Technology				●
B2Gold Corp.	Canada	North America	Materials	●			●
Badger Daylighting Ltd.	Canada	North America	Industrials				●
Bank of America Corp.	U.S.	North America	Financials				●
Bank of Nova Scotia	Canada	North America	Financials				●
Bankers Petroleum Ltd.	Canada	North America	Energy				●
Barrick Gold Corp.	Canada	North America	Materials	●			●
Bellatrix Exploration	Canada	North America	Energy				●
Birchcliff Energy Ltd.	Canada	North America	Energy				●
BlackRock, Inc.	U.S.	North America	Financials				●
Bombardier, Inc.	Canada	North America	Industrials		●		
Bristol-Myers Squibb Co.	U.S.	North America	Health Care				●
BRP Inc.	Canada	North America	Consumer Discretionary				●
Canaccord Genuity Group Inc.	Canada	North America	Financials				●

COMPANY	COUNTRY HQ	REGION	GICS SECTOR	MULTIPLE ENGAGEMENTS	ENVIRONMENTAL	SOCIAL	GOVERNANCE
Canadian Imperial Bank of Commerce (CIBC)	Canada	North America	Financials				●
Canadian Natural Resources Ltd.	Canada	North America	Energy	●	●	●	●
Canadian Oil Sands Ltd.	Canada	North America	Energy		●		
Canadian Pacific Railway Ltd.	Canada	North America	Industrials	●		●	●
Canadian Tire Corp. Ltd.	Canada	North America	Consumer Discretionary			●	
Canexus Corp.	Canada	North America	Materials				●
Canyon Services Group Inc.	Canada	North America	Energy				●
Capital One Financial Corp.	U.S.	North America	Financials				●
CBS Corp.	U.S.	North America	Consumer Discretionary				●
Cenovus Energy, Inc.	Canada	North America	Energy	●	●		●
Charoen Pokphand Foods (CP Foods)	Thailand	Asia	Consumer Staples			●	
Chevron Corp.	U.S.	North America	Energy	●	●		●
Cineplex, Inc.	Canada	North America	Consumer Discretionary				●
Cisco Systems, Inc.	U.S.	North America	Information Technology				●
Citigroup, Inc.	U.S.	North America	Financials				●
Cogeco Cable, Inc.	Canada	North America	Consumer Discretionary				●
Colgate-Palmolive Co.	U.S.	North America	Consumer Staples				●
Comcast Corp.	U.S.	North America	Consumer Discretionary				●
Crescent Point Energy Corp.	Canada	North America	Energy	●	●		●
CVS Caremark Corp.	U.S.	North America	Consumer Staples				●
Deere & Co.	U.S.	North America	Industrials				●
Descartes Systems Group Inc.	Canada	North America	Information Technology				●
Detour Gold Corp.	Canada	North America	Materials	●		●	●
E.I. du Pont de Nemours & Co.	U.S.	North America	Materials				●
Edison International	U.S.	North America	Utilities				●
Element Financial Corporation	Canada	North America	Financials	●			●
EMC Corp.	U.S.	North America	Information Technology				●
EnCana Corp.	Canada	North America	Energy	●	●	●	
Endeavour Silver Corp.	Canada	North America	Materials				●
Enerflex Ltd.	Canada	North America	Energy				●
Exxon Mobil Corp.	U.S.	North America	Energy	●	●		●
First Majestic Silver Corp.	Canada	North America	Materials	●		●	●
First Quantum Minerals Ltd.	Canada	North America	Materials			●	
Freehold Royalties Ltd.	Canada	North America	Energy				●
Fujitsu Ltd.	Japan	Asia	Information Technology				●

COMPANY	COUNTRY HQ	REGION	GICS SECTOR	MULTIPLE ENGAGEMENTS	ENVIRONMENTAL	SOCIAL	GOVERNANCE
General Electric Co.	U.S.	North America	Industrials				●
Genworth MI Canada, Inc.	Canada	North America	Financials				●
George Weston Ltd.	Canada	North America	Consumer Staples			●	
Gibson Energy, Inc.	Canada	North America	Energy				●
Gildan Activewear, Inc.	Canada	North America	Consumer Discretionary			●	
Goldcorp, Inc.	Canada	North America	Materials	●		●	●
Google, Inc.	U.S.	North America	Information Technology				●
Haliburton Company	U.S.	North America	Energy		●		
Horizon North Logistics	Canada	North America	Industrials				●
HudBay Minerals, Inc.	Canada	North America	Materials			●	
Hudson's Bay Company	Canada	North America	Consumer Discretionary			●	
Husky Energy, Inc.	Canada	North America	Energy		●		
Imperial Oil Ltd.	Canada	North America	Energy		●		
Innergex Renewable Energy	Canada	North America	Energy				●
International Business Machines Corp.	U.S.	North America	Information Technology				●
Intertape Polymer Group Inc.	Canada	North America	Consumer Staples				●
Ithaca Energy Inc.	U.K.	Europe	Energy				●
Johnson & Johnson	U.S.	North America	Health Care				●
JPMorgan Chase & Co.	U.S.	North America	Financials				●
Kelt Exploration Ltd.	Canada	North America	Energy				●
Keyera Corp.	Canada	North America	Energy				●
Kinross Gold Corp.	Canada	North America	Materials	●			●
LG Household & Health Care	South Korea	Asia	Consumer Discretionary				●
Lightstream Resources Ltd.	Canada	North America	Energy				●
Linamar Corp.	Canada	North America	Consumer Discretionary			●	
Loblaw Cos. Ltd.	Canada	North America	Consumer Staples			●	
Lundin Mining Corp.	Canada	North America	Materials		●		
Magna International, Inc.	Canada	North America	Consumer Discretionary	●			●
Manitoba Telecom Services, Inc.	Canada	North America	Telecommunication Services				●
Manulife Financial Corp.	Canada	North America	Financials	●			●
Maple Leaf Foods, Inc.	Canada	North America	Consumer Staples			●	
Martinrea International, Inc.	Canada	North America	Consumer Discretionary	●			●
MasterCard, Inc.	U.S.	North America	Information Technology				●
McDonald's Corp.	U.S.	North America	Consumer Discretionary				●
Medtronic, Inc.	U.S.	North America	Health Care				●

COMPANY	COUNTRY HQ	REGION	GICS SECTOR	MULTIPLE ENGAGEMENTS	ENVIRONMENTAL	SOCIAL	GOVERNANCE
Merck & Co., Inc.	U.S.	North America	Health Care				●
MetLife, Inc.	U.S.	North America	Financials				●
Microsoft Corp.	U.S.	North America	Information Technology				●
MRV Engenharia	Brazil	Latin America	Industrials		●		
Newalta Corporation	Canada	North America	Industrials				●
Nidec Corporation	Japan	Asia	Industrials				●
Nielsen N.V.	Netherlands	Europe	Industrials				●
NIKE, Inc.	U.S.	North America	Consumer Discretionary				●
NuVista Energy	Canada	North America	Energy				●
Occidental Petroleum Corp.	U.S.	North America	Energy				●
Olam International	Singapore	Asia	Consumer Staples		●		
Open Text Corp.	Canada	North America	Information Technology				●
Pacific Rubiales Energy Corp.	Canada	North America	Energy				●
Painted Pony Petroleum Ltd.	Canada	North America	Energy				●
Paramount Resources Ltd.	Canada	North America	Energy				●
Parex Resources Inc.	Canada	North America	Energy				●
Pason Systems, Inc.	Canada	North America	Energy				●
Pengrowth Energy Corp.	Canada	North America	Energy				●
Penn West Petroleum Ltd.	Canada	North America	Energy				●
Performance Sports Group	U.S.	North America	Consumer Discretionary			●	
Petrobras	Brazil	Latin America	Energy				●
Philip Morris International, Inc.	U.S.	North America	Consumer Staples				●
Potash Corp. of Saskatchewan, Inc.	Canada	North America	Materials				●
Pretium Resources, Inc.	Canada	North America	Materials				●
Procter & Gamble Co.	U.S.	North America	Consumer Staples				●
Raging River Exploration Inc.	Canada	North America	Energy				●
Ritchie Bros. Auctioneers	Canada	North America	Industrials				●
RMP Energy Inc.	Canada	North America	Energy				●
Royal Dutch Shell	Netherlands	Europe	Energy	●	●		●
Schlumberger NV	U.S.	North America	Energy	●	●		●
Seven & I Holding	Japan	Asia	Consumer Staples			●	
Sherritt International Corp.	Canada	North America	Materials	●	●		●
Silver Standard Resources, Inc.	Canada	North America	Materials			●	
Silver Wheaton Corp.	Canada	North America	Materials				●
Stantec, Inc.	Canada	North America	Industrials				●

COMPANY	COUNTRY HQ	REGION	GICS SECTOR	MULTIPLE ENGAGEMENTS	ENVIRONMENTAL	SOCIAL	GOVERNANCE
Starbucks Corp.	U.S.	North America	Consumer Discretionary				•
Suncor Energy, Inc.	Canada	North America	Energy	•	•	•	
Surge Energy	Canada	North America	Energy	•			•
Taishin Financial Holdings	Taiwan	Asia	Financials				•
Talisman Energy, Inc.	Canada	North America	Energy		•		•
Target Corp.	U.S.	North America	Consumer Discretionary				•
Teck Resources Ltd.	Canada	North America	Materials		•	•	
The Coca-Cola Co.	U.S.	North America	Consumer Staples				•
The Home Depot, Inc.	U.S.	North America	Consumer Discretionary				•
The Jean Coutu Group (PJC), Inc.	Canada	North America	Consumer Staples				•
The Walt Disney Co.	U.S.	North America	Consumer Discretionary				•
Time Warner, Inc.	U.S.	North America	Consumer Discretionary				•
TMX Group, Inc.	Canada	North America	Financials	•	•	•	•
TORC Oil and Gas Ltd.	Canada	North America	Energy				•
Tourmaline Oil Corp.	Canada	North America	Energy				•
TransAlta Corp.	Canada	North America	Utilities		•	•	
TransCanada Corp.	Canada	North America	Energy				•
Transcontinental, Inc.	Canada	North America	Industrials				•
Trican Well Service Ltd.	Canada	North America	Energy				•
U.S. Bancorp	U.S.	North America	Financials				•
Union Pacific Corp.	U.S.	North America	Industrials				•
Valero Energy Corp.	U.S.	North America	Energy				•
Verizon Communications, Inc.	U.S.	North America	Telecommunication Services				•
Visa, Inc.	U.S.	North America	Information Technology				•
Walgreen Co.	U.S.	North America	Consumer Staples				•
Wal-Mart Stores, Inc.	U.S.	North America	Consumer Staples				•
Wells Fargo & Co.	U.S.	North America	Financials				•
Westport Innovations, Inc.	Canada	North America	Industrials				•
Wilmar International Limited	Singapore	Asia	Consumer Staples		•		
Yamana Gold, Inc.	Canada	North America	Materials				•
TOTAL	**169**			**28**	**27**	**27**	**138**

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